

**THE DETERMINANTS OF CORPORATE SOCIAL DISCLOSURE
IN THE ANNUAL REPORTS OF MALAYSIAN CONSTRUCTION
COMPANIES: AN APPLICATION OF STAKEHOLDER THEORY**

By

ABDULMUNAEM .S. M. GEMBRI

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**PENENTU-PENENTU PENZAHIRAN SOSIAL KORPORAT DI DALAM
LAPORAN TAHUNAN SYARIKAT-SYARIKAT PEMBINAAN MALAYSIA:
PENGUNAAN TEORI PIHAK BERKEPENTINGAN**

ABSTRAK

Kajian ini bertujuan menyelidik perkara yang menyebabkan syarikat pembinaan Malaysia yang tersenarai secara sukarela menyediakan maklumat sosial dan persekitaran dalam laporan tahunan mereka. Objektif pertama kajian ini adalah menyelidik aras pendedahan sosial korporat dalam laporan tahunan syarikat yang tersenarai di dalam Malaysia pada tahun 2010. Objektif kedua adalah pendekatan rangka kerja pemegang taruh Ullmann (1985) yang mengandungi tiga dimensi iaitu, kuasa pemegang taruh, perawakan strategi; dan prestasi ekonomi yang menentukan kemampuan bagi menerangkan sebab pendedahan maklumat sosial dan persekitaran masyarakat dalam laporan tahunan mereka. Syarikat tanpa laporan tahunan 2010 akan digugurkan dari senarai syarikat dalam Bursa Malaysia bagi menyediakan contoh untuk 107 syarikat. Data dikumpulkan bagi mengukur komponen pendedahan sosial korporat dan proksi bagi mengaplikasikan pendekatan Ullmann yang bersifat tiga dimensi. Kajian ini mengkaji aras pendedahan sosial korporat berkaitan dengan kuasa pemegang taruh pemiutang diwakili oleh pulangan ekuiti; kuasa pemegang taruh pelabur diwakili oleh pemegang taruh kerajaan dan pemegang taruh asing dan pemegang taruh pekerja yang diwakili oleh pekerja yang berkongsi pemilikan. Bukti menunjukkan bahawa kedua-dua pemegang taruh pemiutang dan kerajaan (mengukur kuasa pelabur) dan pekerja yang berkongsi pemilikan juga memberi kuasa kepada pemegang taruh berkaitan dengan kuantiti dan kualiti pendedahan sosial korporat. Ironinya, pemegang taruh asing merupakan proksi yang tidak penting dan tidak termasuk dalam aras pendedahan korporat sosial dalam laporan tahunan syarikat. Keputusan menunjukkan syarikat yang mempamerkan perawakan strategi yang aktif dalam isu-isu sosial dan persekitaran memperlihatkan kuantiti dan kualiti maklumat korporat sosial berbanding syarikat yang kurang aktif dalam isu tersebut. Syarikat menggaji mekanisme korporat yang kuat lebih mudah berurusan dengan pemegang taruh mereka melalui pendedahan maklumat sosial dan persekitaran. Jawatankuasa tanggungjawab sosial korporat dalam struktur lembaga syarikat adalah bukti perawakan strategi tetapi hanya dalam kuantiti pendedahan sosial korporat. Syarikat yang menunjukkan prestasi ekonomi yang tinggi memperlihatkan jumlah maklumat sosial korporat yang lebih daripada syarikat yang mempunyai prestasi rendah dalam ekonomi. Prestasi ekonomi diwakili oleh pulangan aset yang sederhana. Keputusan menunjukkan bahawa syarikat besar secara jelasnya dikaitkan dengan pendedahan korporat syarikat yang tinggi.

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ABSTRACT

This study seeks to investigate the motivations that make the Malaysian construction publicly listed companies voluntarily provide social and environmental information in their annual reports. The first objective of this research is to examine the level of corporate social disclosures present in 2010 Malaysian construction listed companies' annual reports. The second objective, is the application of Ullmann's (1985) stakeholder framework, which contains three dimensions namely stakeholder power; strategic posture; and economic performance, to determine their ability to explain why these companies disclose voluntarily social and environmental information in their annual reports. Companies without a 2010 annual reports are omitted from the construction companies listed on the Bursa Malaysia to create a sample of 107 companies. Data was collected to measure components of corporate social disclosure, and proxies for Ullmann's three-dimensional stakeholder framework were applied. This study examines the level of corporate social disclosures in relation to creditor stakeholder power represented by return on equity; investors' stakeholder power represented by government shareholders and foreign shareholders and employee stakeholder power represented by employee share ownership. Evidence shows that both creditor and government shareholders (measures investor power), and employee share ownership does empower stakeholder pressure regarding the quantity and quality of corporate social disclosures. In contrast, foreign shareholders were an insignificant proxy and did not serve in explaining the level of corporate social disclosure in the companies' annual report. The results also find that companies displaying a more active strategic posture towards social and environmental issues disclose higher quantity and quality of corporate social disclosure information than companies displaying a less active posture to these issues. Companies employ strong corporate governance mechanisms to, strategically, manage their relationship with their stakeholders through disclosing voluntary social and environmental information. The presence of corporate social responsibility committee in the companies' board structure is also evidence of strategic posture, but only in quantity of corporate social disclosure. Companies with higher economic performance disclose a greater amount of corporate social disclosure information than, companies with lower economic performance. Economic performance represented by average return on assets. The results showed that larger companies are significantly associated with higher levels of corporate social disclosures.

